

CSU 2026-27 Operating Budget Request Update



➤ Context & Challenges

- CSU faces **significant fiscal pressure**: rising costs (especially compensation and facilities), state budget deficits, deferred funding, and uncertainty in federal funds.
- The “budget gap” is expanding; estimates show cumulative shortfalls increasing over recent years.
- In 2025-26, CSU already absorbed a **\$143.8 million reduction**

➤ **CSU 2026-27 Operating Budget Request**

- CSU Budget Request presented to CSU Board of Trustees on Sept 10th
- Budget Priorities:
 - Restoring the \$143.8 million cut from 2025-26
 - Fully funding year 4 Compact Commitment

2026-27 Operating Budget Plan

Current 2025-26

\$8.49B

Base Budget

Proposed Budget

\$597M

Increase

Proposed 2026-27

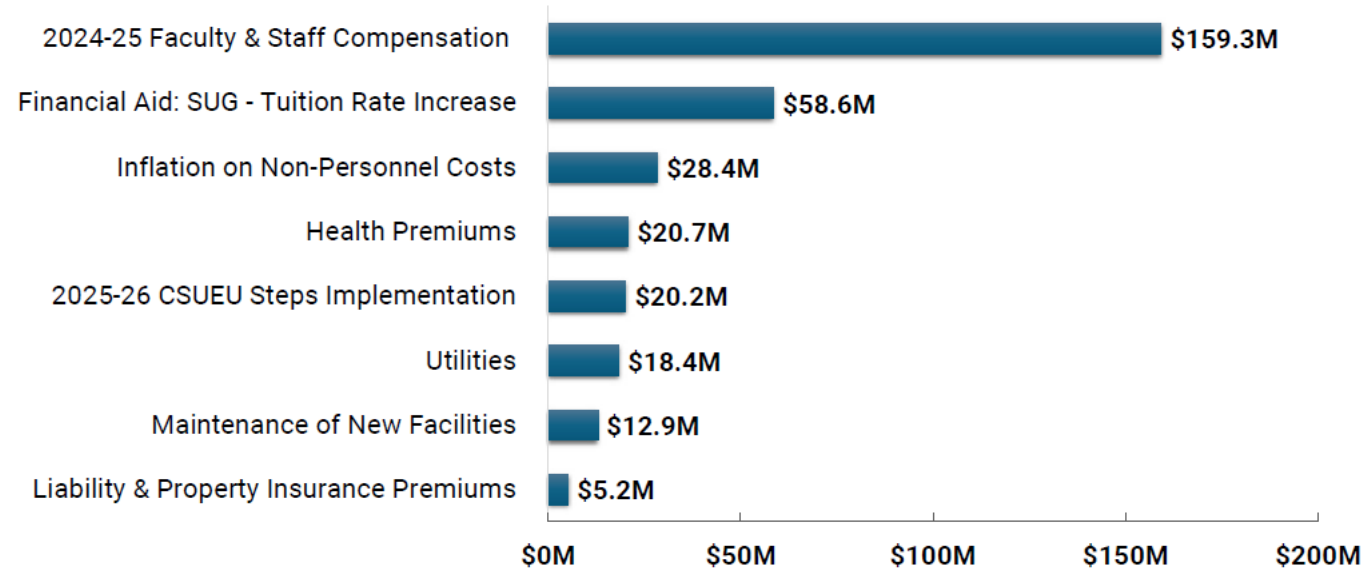
\$9.09B

+7% Growth

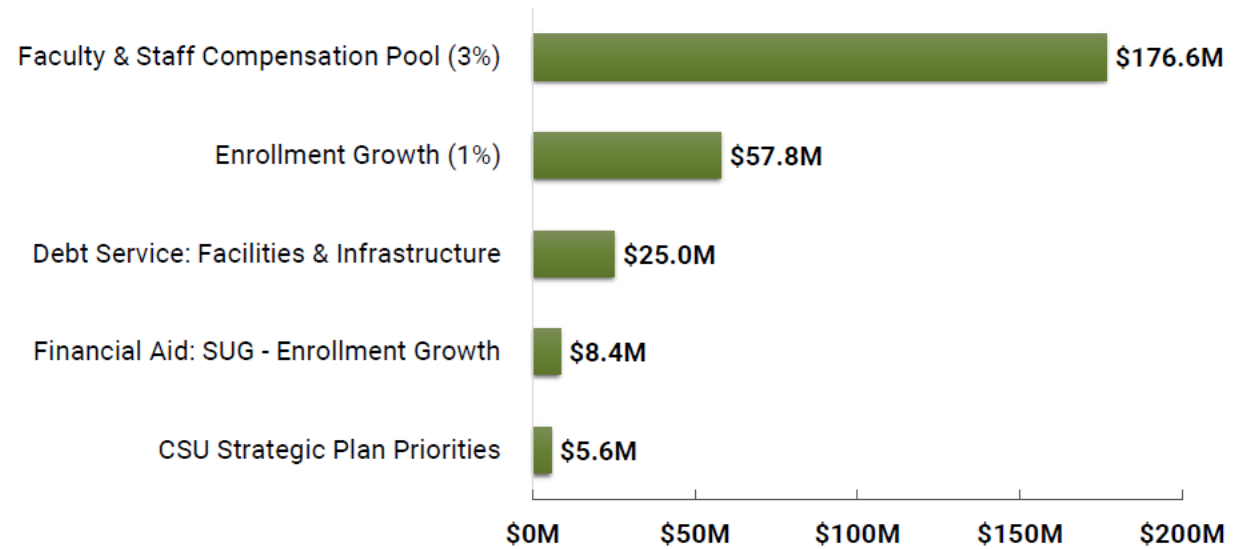
2026-27 Operating Budget Plan

	(in millions)
REVENUES	
Restoration of 2025-26 General Fund Reduction	\$143.8
Full Restoration: Compact Year 4	252.3
Tuition: Scheduled 6% Rate Increase	175.8
1% Enrollment Growth	25.2
New Revenue Subtotal	\$597.1
EXPENDITURES	
Baseline Commitments	(\$323.7)
Essential Priorities	(273.4)
Expenditure Subtotal	(\$597.1)

CSU Baseline Commitments | \$323.7 Million



CSU Essential Priorities | \$273.4 Million



SOURCES OF FUNDS (Incremental New Revenue in Millions)	BUDGET PLAN
State General Fund: Restore 2025-26 Reduction	\$143.8
State General Fund: Compact Year 4	252.3
Tuition: 6% Rate Increase	175.8
Tuition: 1% Enrollment Growth	25.2
TOTAL NEW SOURCES	\$597.1
USES OF FUNDS (Incremental New Expenditures in Millions)	BUDGET PLAN
Baseline Commitments	\$323.7
Financial Aid: State University Grant, Tuition Rate Increase	58.6
Health Premiums	20.7
Maintenance of New Facilities	12.9
Liability and Property Insurance Premiums	5.2
Utilities	18.4
Inflation on Non-Personnel Costs	28.4
2024-25 Faculty & Staff Compensation (University Funded)	159.3
2025-26 CSUEU Steps Implementation (University Funded)	20.2
Essential Priorities	\$273.4
Enrollment Growth (1%)	57.8
Financial Aid: State University Grant, Enrollment Growth	8.4
Faculty & Staff Compensation Pool (3%)	176.6
Debt Service: Facilities & Infrastructure	25.0
CSU Strategic Plan Priorities	5.6
TOTAL NEW USES	\$597.1

CSU One-Time Request | \$1.1 Billion

The Challenge

- \$8.6 billion deferred maintenance backlog, growing by \$400M+ annually
- Many buildings are 50+ years old, outdated, and in some cases unsafe
- Critical infrastructure needs include seismic upgrades and facility repairs

The Request

- **\$1.1 billion one-time state funding** for 2026-2027
- Addresses less than 13% of backlog

The Impact

- Ensures safe, modern academic environments
- Strengthens seismic resilience
- Supports high-demand programs and prepares students for the workforce



CSU Reserves for Economic Uncertainty

Purpose

- One-time funds to navigate downturns, unexpected expenses, and non-recurring needs
- Critical to ensuring CSU's stability and fiscal responsibility during times of uncertainty

CSU Reserves *(as of June 30, 2025)*

- \$760M systemwide (unrestricted)
- Equal to **32 days of operations**
- Below best practice target (**3–6 months**)

The CSU's true reserve is only \$760M, far less than needed to ensure long-term stability

Next Steps

UBO working on scenario planning in October considering:

- CSU 2026-27 Budget Request
- Campus Enrollment Projections
- Potential 5% Enrollment Funding Recalibration